

GST

QUESTION BANK

(Set -1)

CS – PROFESSIONAL

(JUNE 2020 & DEC. 2020 STUDENTS)

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**100 MOST IMPORTANT
QUESTIONS**

SOURCE: ICAI, ICSI, ICWAI IMPORTANT QUESTIONS

GST PRACTICAL QUESTIONS**CS – PROFESSIONAL****QUESTION WITH/without SOLUTION (with Answer Hint)****Question: 1**

Determine whether the following supplies amount to composite supplies:

- i) A hotel provides 4 days 3 nights package wherein the facility of breakfast and dinner is provided along with room accommodation.
- ii) A toothpaste company has offered the scheme of free toothbrush alongside the toothpaste.

Solution Hint:

i) Composite Supply

ii) Mixed Supply

Question: 2

X, a registered dealer offers a desktop computer (for Rs. 50,000 before tax) and a wooden table (for Rs. 5,000 before tax) for a consolidated price of Rs. 52,500. The rates of GST applicable on desktop computer and wooden table are 28% and 18% respectively.

i) Determine whether the supply is a mixed supply or a composite supply.

ii) Is it beneficial for the customer to avail the offer to buy them separately?

Solution Hint:

i) Mixed Supply

ii) No, It is not Beneficial (Combined purchase is beneficial for assessee)

Question: 3

Mr. Sharma is running a printing press. **Discuss GST treatment of following activities carried out by him:**

- a) Purchase of paper, printing calendars thereon and selling/ supplying calendars in market. The consideration received from such sale is Rs. 1,00,000.
- b) Purchase of paper, Printing of books for ABC Education Pvt. Ltd. (Content of the book belongs to ABC Education Pvt. Ltd.) And supplying same to ABC Education Pvt. Ltd. The consideration charges is Rs. 2,50,000 (including cost of paper)

Solution Hint:

- a) Supply of Goods
- b) Supply of Services

Question: 4

Examine whether the following activities would amount to supply under section 7 of the CGST Act:

- a) A cloth retailer gives cloth from his business stock to his friend free of cost.

- b) A dealer of air-conditioner permanently transfers an air conditioner from his stock in trade, for personal use at his residence.
- c) XYZ Academy purchased some laptops for business purpose. ITC on these laptops have been availed. After 3 years, they donated the laptop have been donated to a trust.

Solution Hint:

Yes, It is Supply in ALL three cases. (Refer Section 7(1)(c) Para -1)

Question: 5

Examine whether the following activities would amount to supply under section 7 of the CGST Act:

- a) Vajiram Charitable Trust, a trust who gets the knee treatment of needy people done free of cost, donated cloth and toys to the children living in slum area.

Solution Hint:

It is not a SUPPLY hence no GST (Not Covered u/s 7(1)(c))

Question: 6

Rohan, a Chartered Accountant has a registered office in Chandigarh. He also obtained registration in the state of West Bengal in respect of his newly opened branch office. **Whether head office or branch office will be treated as deemed distinct person.**

Solution:

Yes, Office will be treated as deemed distinct person (Covered u/s 7(1)(c))

Question: 7

Mrs. Rati received legal advice for her personal problems and paid 1,000 pounds as legal fees to Miss Urvashi of UK (London). Explain whether the above activity of import of service would amount to supply under section 7 of the CGST Act, 2017.

If in the above case both of them are real sisters and no consideration is paid. What would be the answer?

Further, in the above case both of them are real sisters and Mrs. Rati receives legal advice for her business and she didn't pay any combination then, what will be the answer?

Solution Hint: [Refer Section 7(1)(b) & Para - 4 of Section 7(1)(c)]

- A) Yes, It is a Supply.
- B) NO, It is Not a Supply.
- C) Yes, It is a Supply

Question: 8

Vasu Ltd. Provides the following particulars relating to good supplied to it by Agni Ltd.:

Particulars	Amount
List price of the goods (exclusive of taxes and discounts)	76,000
Special packing at the request of the customer to be charged to the customer	5,000
Duty levied by local authority on the sale of such goods	4,000
CGST and SGST charged in invoice	14,400
Subsidy received from an NGO (the price of 76,000 above is after considering the subsidy)	5,000

Vasu Ltd. Offers 3% discount of the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supplies made by Vasu Ltd.

Solution Hint: [Refer Section 15(1) + 15(2) – 15(3)]

Value: 87,720 [76,000 + 5,000 + 4,000 + 5,000 – 2,280]

Question: 9

Vanika Advertisers conceptualized and designed the advertising campaign for a new product launched by New Moon Pvt. Ltd. for a consideration of Rs. 7,00,000. Vanika Advertisers owed Rs. 25,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt. Ltd. Such liability of Vasu Advertisers was discharged by New Moon Pvt. Ltd. New Moon Pvt. Ltd. Delayed the payment of consideration and thus, paid Rs. 18,000 as interest.

Determine the value of taxable supply by Vasu Advertisers.

Solution Hint:

Value: 7,43,000

Question: 10

Shiva Ravi Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Navrang Traders and Naveen Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Following details have been furnished by Shiva Ravi Ltd. for the current month.

Particulars	Navrang Traders	Naveen Motors Ltd.
a) Price of the goods (excluding GST)	10,000	30,000
b) Packing charges	500	
c) Commission	500	
d) Weighment charges		2,000
e) Discount for prompt payment (recorded in the invoice)		1,000

Items given in point (b) to (e) have not been considered while arriving at price of the goods given in point (a) above.

Compute the GST liability (CGST & SGST or IGST, as the case may be) of Shiva Ravi Ltd. for the current month. Assume the rates of taxes to be as under:

Particulars	Rates of Tax
Central Tax (CGST)	9%
State Tax (SGST)	9%

Integrated Tax (IGST) 18%

Make suitable assumptions, wherever necessary.

Note: The supply made to Navrang Traders is an inter-state supply.

Solution Hint:

IGST: 1,980

CGST: 2,790

SGST: 2,790

Question: 11

Candy Rose Ltd., Mumbai, a registered supplier, is manufacturing chocolates and biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 20xx

- | | |
|---|--------------|
| (i) List price of the goods supplied inter-state: | 12,40,000 |
| - Item already adjusted in the price given in (i) above | |
| a) Subsidy from Central Government for supply of biscuits to Government school: | Rs. 1,20,000 |
| b) Subsidy from Trade Association for supply of quality biscuits: | 30,000 |
| - Items not adjusted in the price given in (i) above: | |
| a) Tax levied by Municipal Authority: | Rs. 24,000 |
| b) Packing charges: | Rs. 12,000 |
| c) Late fee paid by the recipient of supply for delayed payment of invoice: | 5,000 |

Calculate the value of taxable supply made by M/s Candy Rose Ltd. for the month of October 20xx.

Solution:

Value : Alternate 1: 13,06,000 Alternate 2: 13,11,000

Question: 12

PQR Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.

Particulars	GST Paid
a) Electrical transformers to be used in the manufacturing process	5,20,000
b) Trucks used for the transport of raw material	1,00,000
c) Raw material	2,00,000
d) Confectionery items for consumption of employees working in the factory	25,000

Determine the amount of ITC available with PQR Ltd., for the month of July by giving necessary explanation for treatment of various items.

Note:

- All the conditions for availing the ITC have been fulfilled.
- PQR Ltd. is not eligible for any threshold exemption.

Solution Hint:

ITC Allowed : 8,20,000

Question: 13

M/s RT Ltd. supplied taxable goods from the factory after manufacture in the month of October 2017 for sale to a distributor for Rs. 8,00,000. However, he deposited the GST @ 12% of the goods on 10 Jan 2018 against show cause notice issued under section 74 (when there is a fraud) of the CGST Act, 2017 by the Central tax Officer and passed the order accordingly.

During the month of December 2017, M/s X Ltd. received goods worth Rs. 5,00,000 by paying GST 12%.

(a) Find the Net GST deposited by M/s RT Ltd. into the Government account on 10 Jan 2018

(b) Your answer is different if M/s RT Ltd. paid GST @ 12% against show cause notice issued under section 73 (when there is no fraud)

(c) Rework, M/s RT Ltd. paid output tax by following self-assessment (i.e. when there is no show cause notice issued), what will the GST payable?

Solution Hint:

A) Net GST Liability: CGST – 48,000, SGST – 48,000

B) Net GST Liability: CGST – 18,000, SGST – 18,000

C) Net GST Liability: CGST – 18,000, SGST – 18,000

Question: 14

ABC Soap Factory, a registered dealer, is engaged in manufacturing beauty soaps: "Glow Always" in Pune. It has provided the following information pertaining to purchases made/ services availed in the month of January 20xx/

Particulars**GST paid**

Soap making machine 50,000

Motor vehicles for transportation of inputs 70,000

Input purchased, but stolen from the factory 40,000

Membership of 'Fit and Fitness' health and fitness centre for its employees 25,000

You are required to compute the ITC available for the month of January 20xx, assuming that all the other conditions for availing GST, wherever applicable have been fulfilled.

Solution:

ITC Allowed: 1,70,000

Question: 15

Sharma Traders is a registered supplier of goods in Arunachal Pradesh. It purchased goods valued at Rs. 10,000 from Kiran Suppliers located within the same state. Kiran Suppliers charged CGST and SGST separately in its invoice. Subsequently, Sharma Traders sold goods valuing Rs. 9,500 to Rashtogi Manufacturers located in Arunachal Pradesh. 20% of the inputs purchased are still lying in the stock and there was no opening stock of the goods. Rate of CGST and SGST on supply and purchase of goods is 9% each. **Calculate the net GST payable by Sharma Traders and input tax credit (ITC) to be carried forward, if any.**

Solution Hint:

Net GST Payable: CGST – Nil, SGST – Nil

ITC C/F: CGST – 45, SGST - 45

Question: 16

Mr. Ravi applies for voluntary registration on 22nd November and obtained registration on 25th November. Mr. Ravi has stock on the following dates:

Date	Opening balance (units)	Purchased (units)	Sold (units)	Closing stock
21 st November	12,000	20,000	8,000	24,000
24 th November	24,000	5,000	15,000	14,000

On 24th November, Mr. Ravi also purchased plant and machinery for Rs. 2,00,000 plus GST @ 28%.

He purchased the goods at the uniform rate throughout the year at Rs. 100 per unit plus GST paid @ 18%.

You are required to compute eligible input tax credit available to Mr. Ravi.

Solution Hint:

ITC Allowed: $14,00,000 \times 18\% = 2,52,000$

Question: 17

Determine the time of supply in the following independent cases, in case supply does not involve the movement of goods:

S No.	Date of Invoice	Date when goods made available to recipient	Date of receipt of payment
1.	02/10/20XX	03/10/20XX	15/11/20XX
2.	04/10/20XX	01/10/20XX	25/11/20XX
3.	04/11/20XX	06/11/20XX	01/10/20XX

Solution:

TOS: 1. 2nd OCT

2. 1st OCT

3. 4th NOV

Question: 18

Determine the time of supply of services in the following cases:

	Date of supply	Payment entered in the books	Payment entered in the bank account	Date of Invoice
1.	10/08/20XX	09/09/20XX	06/09/20XX	17/08/20XX
2.	10/08/20XX	10/09/20XX	12/09/20XX	13/09/20XX
3.	10/08/20XX	05/08/20XX	08/08/20XX	17/08/20XX

Solution:

TOS: 1. 17th AUG

2. 10th AUG

3. 5th AUG

Question: 19**Determine the time of supply from the following particulars:**

6 th May	Booking of convention hall, sum agreed Rs. 15,000, advance of Rs. 3,000 received
15 th September	Function held on convention hall
27 th October	Invoice of Rs. 15,000 indicating that Rs. 12,000 is payable
3 rd November	Balance payment of Rs. 12,000 received

Solution Hint:TOS: Rs. 3,000 (6th May) & For Rs. 12,000 is 15th Sep**Question: 20****Determine the time of supply from the following particulars:**

8 th September	Community hall booked for a marriage at the agreed sum of Rs. 1,20,000. Advance of Rs. 20,000 recorded in the books of account.
10 th September	Advance amount credited in the bank account.
2 nd November	Marriage held in the community hall
18 th December	Invoice issued for Rs. 1,20,000 indicating that Rs. 1,00,000 is payable
22 nd December	Balance of Rs. 1,00,000 recorded in the books of account
24 th December	Payment of Rs. 1,00,000 credited in the bank account

Solution:TOS: Rs. 20,000 (8th Sep) & For Rs. 1,00,000 is 2nd Nov**Question: 21**

On July 7, 20xx, Y supplies 27 tonnes of a chemical to G at the rate of Rs. 88,000 per ton.

Compute the value of supply and GST liability for the following data:

- He charges additionally the following- freight: 3,12,000, packing charge: Rs. 72,000, weighing charges: Rs. 30,000, inspection charges: Rs. 12,000.
- He also charges cost of an instrument of an instrument which is specially purchased by Y to manufacture this chemical: Rs. 1,10,000 (this instrument can not be used for any other purpose).
- GST rate is 18%
- Inspection charges are directly borne by G and not included in the invoice.
- State Government has paid a subsidy of Rs. 40,00,000 to Y to set up chemical manufacturing plant in Patna.
- G is required to make payment within 15 days of supply. However, payment is made in October 2017 and for late payment, Y charges interest of Rs. 11,000.

Solution Hint:

Value: 29,23,000 and CGST: 2,63,070 SGST: 2,63,070

Question: 22

Mohini Enterprise has two registered business verticals in Delhi. Its aggregate turnover for the preceding year for both the business verticals was Rs. 110 Lakh. It wishes to pay tax under composition levy for one of the vertical in the current year while under normal levy method for other vertical. **You are required to advice Mohini Enterprise whether it can be done?**

Solution Hint:

Mohini Ent. Cannot Opt for Composition Scheme for ONE Business Verticals.

Question: 23

A Ltd. is a manufacturing concern in Pune. In financial year 2019-20 total value of supplies including inward supplies taxed under reverse charge basis are Rs. 1,52,60,000 (exclusive of taxes). The break up of supplies are as follows:

Particulars	Rs.
a) Intra state supplies made under forward charge	80,00,000
b) Intra state supplies made which are changeable to GST at nil rate	38,00,000
c) Intra state supplies which are wholly exempt under section 11 of CGST Act, 2017	32,00,000
d) Value of inward supplies on which tax payable under RCM	2,60,000

Briefly explain whether A Ltd. is eligible to opt for Composition scheme in financial year 2020-20.

Solution Hint:

Yes, A Ltd is Entitled for Composition Scheme.

Question: 24

A Ltd. is a manufacturing concern in Rajasthan has opted for composition scheme furnishes you with the following information for the financial year 2019-20. **It requires you to determine its composition tax liability and total tax liability.** The break up of supplies are as follows:

Particulars	Rs.
1) Intra state supplies of Goods X chargeable at 5% GST	30,00,000
2) Intra state supplies made which are changeable to GST at nil rate	18,00,000
3) Intra state supplies which are wholly exempt under section 11 of CGST Act, 2017	2,40,000
4) Value of inward supplies on which tax payable under RCM	5,00,000
5) Intra state supplies of Goods Y chargeable at 18% GST	30,00,000

Solution Hint:

Composition Tax Liab: 80,400 [30 Lakh + 18 Lakh + 2.40 lakh + 30 Lakh] x 1%

Question: 25

The Customs Authorities have confiscated smuggled gold from Mr. Jindal. The confiscated gold these goods Sold to Tanishq Jewellers of Delhi for Rs. 30,00,000. Applicable rate of GST is 18%. You are required to compute the following:

- (i) Person liable to pay GST
- (ii) Net GST liability

Solution Hint:

- i) Tanishq Jewellers.
- ii) 5,40,000

Question: 26

“State Government has exclusive power to notify a transaction to be supply of goods or services.” Discuss the correctness of the statement.

Answer:

The said statement is **not correct**. State Government can notify a transaction to be supply of goods or services but only on the recommendations of the GST Council. Further, Central Government or State Government, both on the recommendations of the GST Council, can notify an activity to be the supply of goods and not supply of services or supply of services and not supply of goods or neither a supply of goods nor a supply of services.

Question: 27

M/s X & Sons, tax consultant of Zenson Ltd., have advised them that reverse charge mechanism is applicable only to services. Examine the validity of the advice given by M/s X & Sons.

Answer:

The advice given by M/s X & Sons is not valid in law. The reverse charge mechanism applies to supplies of both goods and services, as notified by the Government on the recommendations of the GST Council vide section 9(3)/5(3) of CGST/IGST Act, 2017. Notification No. 4/2017-Central Tax (Rate) and 13/2017- Central Tax (Rate) both dated 28/06/2017 have been issued. Similar notifications have been issued under IGST Act also. Reverse charge also applies to supplies received of notified Goods and Notified Services by a notified registered person from unregistered persons under section 9(4)/5(4) of CGST/IGST Act, 2017. However, the provision of reverse charge liability on supplies received from unregistered persons, as provided in sections 9(4) and 5(4) of the CGST Act and the IGST Act respectively, have been kept in abeyance till 30.09.2019.

Question 28:

Pepper & Salt Ltd., registered in Madhya Pradesh has the turnover amounting to Rs. 130 lakh in the financial year 2019-20. It wants to avail the benefit of composition scheme in the year 2020-21. You are required to advise Pepper and Salt Ltd. regarding the availability of composition scheme in the year 2019-20.

Will your answer change, if Pepper & Salt Ltd. is registered in Arunachal Pradesh?

Answer:

Pepper & Salt Ltd. can avail the benefit of the composition scheme in the year 2020-21 as the threshold for composition scheme is ` 1.50 Crore of aggregate turnover in the preceding financial year* under section 10(1) of CGST Act, 2017. The benefit of composition scheme can be availed up to the turnover of ` 1.50 Crore in current financial year*. However, it has to be ensured that Pepper & Salt Ltd. fulfills the following conditions as given under section 10(2) of CGST Act, 2017:-

- (i) Pepper & Salt Ltd. is not engaged in the supply of services other than supplies of food articles (restaurant service).
- (ii) It is not engaged in making any supply of goods which are not taxable under the CGST Act/SGST Act/ UTGST Act.

- (iii) Pepper & Salt Ltd. do not make any inter-State outward supplies of goods.
- (iv) It does not supply goods through an electronic commerce operator.
- (v) It does not manufacture ice cream, pan masala and tobacco etc.

*- ₹ 75 lakhs for 8 special category states viz 1. Arunachal Pradesh, ~~2. Assam~~, 3. Manipur, 4. Meghalaya, 5. Mizoram, 6. Nagaland, 7. Sikkim, 8. Tripura, and 9. Himachal Pradesh.

If Pepper & Salt Ltd. is registered in Arunachal Pradesh, it can not avail the benefit of composition in the year 2020-21 as its turnover in the preceding financial year (₹ 130 lakhs) exceeds the threshold limit (₹ 75 lakhs).

Question: 29

LMN & Co, an unregistered supplier under GST wants to claim input tax credit and collect tax. Can it do so?

Answer:

No, LMN & Co. cannot claim input tax credit and collect tax. A person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him. However, if LMN & Co. nevertheless wants to claim input tax credit and collect tax, it can apply for voluntary registration under section 25(3) of CGST Act, 2017.

Question: 30

What is the difference between casual and non- resident taxable persons?

Answer:

Casual and Non-resident taxable persons are separately defined in the CGST Act in Sections 2(20) and 2(77) respectively. Some of the differences are outlined below:

Casual Taxable Person	Non-resident Taxable Person
Occasionally undertakes transactions involving supply of goods or services or both in a State or Union territory where he has no fixed place of business.	Occasionally undertakes transactions involving supply of goods or services or both, but has no fixed place of business or residence in India.
Has a PAN Number	Do not have a PAN Number; A non- resident person, if having PAN number may take registration as a casual taxable person
Same application form for registration as for normal taxable persons.	Separate application form for registration by non- resident taxable person.
Has to undertake transactions in the course or furtherance of business	Business test is absent in the definition.

Question: 31

State the necessary elements for a supply to be chargeable to GST.

Answer:

The following elements are required to be satisfied for a supply to be chargeable to GST, i.e.-

- a) the activity involves supply of goods or services or both;
- b) the supply is for a consideration unless otherwise specifically provided for;
- c) the supply is made in the course or furtherance of business;
- d) the supply is a taxable supply; and
- e) the supply is made by a taxable person.

Question 32:

Modest Ltd., registered in Delhi dealing in supply of electronic items transferred some of its stock to its another unit located in Haryana (inter-state transfer). Whether such self-supplies are taxable under GST?

Answer:

Yes, transfer of stock made by Modest Ltd. are taxable under GST. The definition of supply given under section 7 of CGST Act, 2017 is an inclusive one. It does not specify that supply is to be made by one person to the another. So, self-supplies are to be treated as supply in terms of section 7 of CGST Act. Further, section 25(5) provides that where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons.

Clause (2) of Schedule I of CGST Act, 2017 inter alia provides that supply of goods between distinct persons as specified in section 25 made in the course or furtherance of business is to be treated as supply even if made without consideration.

Inter-state self-supplies such as stock transfers, branch transfers or consignment sales shall be taxable under IGST even though such transactions may not involve payment of consideration. Every supplier is liable to register under the GST law in the State or Union territory from where he makes a taxable supply of goods or services or both in terms of Section 22 of the CGST Act. However, intra-state self-supplies are not taxable subject to not opting for registration as business vertical.

Question: 33

Mr. P supplied goods for the value of Rs. 10,000 to its customer Miss Prem on 01.01.20XX on the condition that payment for the same will be made within a week. However, Miss Prem made payment for the said goods on 02.02.20XX and thus paid interest amounting to Rs. 500. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

Answer:

As per section 12(6) of CGST Act, 2017, the time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed payment of consideration shall be the date on which the supplier received such additional consideration.

Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e. 02.02.2019. Further, Mr. P is required to make payment on or before 20th of March, 2019.

Question 34:

Whether post-supply discounts or incentives are allowed as admissible deduction under section 15 of the CGST Act? If yes, what are the necessary conditions to be complied with for availing such deduction?

Answer:

Yes, post-supply discounts or incentives are allowed as admissible deduction under section 15 of the CGST Act. Where the post-supply discount is established as per the agreement which is known at or before the time of supply and where such discount specifically linked to the relevant invoice and the recipient has reversed input tax credit attributable to such discount, the discount is allowed as admissible deduction under Section 15(3)(b) of the CGST Act.

Question: 35

Mr. X of Mumbai often participates in the jewellery exhibition at Trade Fair in Delhi, which is organised every year in the month of February. Mr. X applied for registration in January. The proper officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability of Mr. X.

You are required to examine whether any advance tax is to be paid by Mr. X at the time of obtaining registration?

Answer:

Yes, advance tax is to be paid by Mr. X at the time of obtaining registration. Since Mr. X occasionally undertakes supply of goods in the course or furtherance of business in a State where he has no fixed place of business, thus he qualifies as casual taxable person in terms of section 2(20) of CGST Act, 2017.

While a normal taxable person does not have to make any advance deposit of tax to obtain registration, a casual taxable person shall, at the time of submission of application for registration is required, in terms of section 27(2) read with proviso thereto, to make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. If registration is to be extended beyond the initial period of 90 days, an advance additional amount of tax equivalent to the estimated tax liability is to be deposited for the period for which the extension beyond 90 days is being sought.

Question: 36

Explain the significance of the place of supply of goods and services under GST.

Answer:

The basic principle of GST is that it should effectively tax the consumption of such supplies at the destination thereof or as the case may be at the point of consumption. So, place of supply provision determines the place i.e. taxable jurisdiction where the tax should reach. The place of supply determines whether a transaction is intra-state or inter-state. In other words, the place of supply of goods or services is required to determine whether a supply is subject to SGST plus CGST in a given State or union territory or else would attract IGST if it is an inter-state supply.

Question: 37

M/s Voguish Furnitures has purchased log woods upon payment of Rs. 20,00,000 including taxes and has directed the supplier to directly send the same to Mr. Ramlal for sawmilling process on job work basis.

Give your opinion as to whether M/s Voguish Furniture can avail input tax credit in respect of log woods directly sent to Mr. Ramlal?

Answer:

Section 19 of CGST Act, 2017 inter alia provides that principal shall be entitled to take credit of taxes paid on inputs sent to a job worker whether sent after receiving them at his place of business or even when such the inputs are directly sent to a job worker without their being first brought to his place of business. However, the inputs, after completion of job work, are required to be received back or supplied from job worker's premises, as the case may be, within a period of one year of their being sent out.

Thus, in view of the above mentioned provisions, M/s Voguish Furniture can avail input tax credit in respect of log woods directly sent to Mr. Ramlal provided log woods are received back or supplied from Ramlal's premises, as the case may be, within a period of one year of their being sent out.

Question 38:

Mr. Zaid, registered in Himachal Pradesh is engaged in making inter-State outward supplies of apparels. The aggregate turnover of Mr. Zaid in the financial year 2019-20 is 70 lakh. He opted for composition levy in the year 2019-20 and paid tax for the quarter ending June, 2019 under composition levy. The proper officer has levied penalty on Mr. Zaid in addition to the tax payable by him.

You are required to examine the validity of the action taken by proper officer.

Answer:

The action taken by proper officer is valid in law. Section 10(1) of CGST Act, 2017 inter alia provides that the benefit of composition levy can be availed by a registered person if the aggregate turnover in the preceding financial year does not exceed 1.50 crore. However, the said threshold is reduced to 75 lakh in case of special category states.

Further, section 10(2) inter alia specifies that registered person is eligible to opt for composition levy if he is not engaged in making any inter-state outward supplies of goods. In the present case, Mr. Zaid is engaged in making inter-State outward supplies of goods.

So, he is not eligible to opt for composition levy irrespective of aggregate turnover in the preceding financial year.

Moreover, section 10(5) provides that if a person who has paid under composition levy is found as not being eligible for compounding then such person shall be liable to penalty to an amount equivalent to the tax payable by him under the provisions of the Act i.e., as a normal taxable person and that this penalty shall be in addition to the tax payable by him. Thus, levy of penalty on Mr. Zaid is valid in law in terms of section 10(5).

Question 40:

Trend Footwear, a registered supplier in Jaipur dealing in local supply of loafers and wedges, wants to opt for composition scheme with effect from 01 April, 20XX. Its aggregate turnover in the preceding financial year is ` 108 lakh. Besides dealing in supply of loafers and wedges, he also has a rental income of ` 1,35,000 per month from the basement of a commercial building located in Jaipur.

You are required to discuss, whether Trend Footwear can opt for composition scheme?

Answer:

Yes, Trend Footwear cannot opt for composition scheme. Section 10 of CGST Act, 2017 inter alia provides that registered person, whose aggregate turnover in the preceding financial year does not exceed one fifty crore rupees, can opt to pay tax under composition scheme in the current year.

However, section 10(2) inter alia provides that registered person is eligible to opt for composition scheme if he is not engaged in the supply of services **other than** restaurant services Subject to latest notified limit [10% of T.o and 5 Lakh whichever is Higher).

Question 41:

ABC Consultancy, registered in Mumbai, supplies technical consultancy services to its clients. It has been providing technical services to XY Ltd., Mumbai since past two years. Consideration is settled by XY Ltd. assignment wise. XY Ltd. paid ` 45 lakh to ABC Consultancy on 10th January, 20XX on ABC consultancy agreeing to not provide similar technical services to any other business entity in India or abroad for a period of 8 years. ABC Consultancy is of the view that ` 45 lakh is not chargeable to GST.

You are required to examine whether the view taken by ABC Consultancy is valid in law. Calculate GST liability of ABC Consultancy, if any. The technical services provided by ABC consultancy is otherwise chargeable to GST at the rate of 18%. It may be noted that XY Ltd. is not ready to pay any further amount to ABC Consultancy in addition to the amount already agreed.

Answer:

The view taken by ABC Consultancy is not valid in law. The scope of supply is defined by section 7(1) of CGST Act, 2017. It includes deemed supply given under Schedule II. The paragraph 5(e) of Schedule II provides that agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act is treated as supply of service.

Thus, any consideration received for agreeing to the obligation to refrain from an act, is subject to GST. Consideration received for non-compete agreement is deemed as consideration for supply of services. Consideration of ₹ 45 lakh received on the promise of ABC consultancy of not providing similar services to any other person, is consideration for supply which is chargeable to GST.

Since GST is not separately collected, it will be assumed that it is included in ₹ 45 lakh. Rule 35 of CGST Rules, 2017 provides that where the value of supply is inclusive of GST, the tax amount is determined in the following manner:

Tax amount = (Value inclusive of taxes x GST rate in %) [IGST or CGST, SGST/UTGST] / (100 + sum of GST rates in %)

Consequently, value of taxable supply will be ₹ 38,13,559 (i.e., ₹ 45,00,000 x 100/118). GST liability on

₹ 38,13,559 will be calculated as follows-

Particulars	₹
Taxable value of supply	38,13,559
Add: CGST @ 9% of ₹ 38,13,559	3,43,220
SGST @ 9% of ₹ 38,13,559	3,43,220
Total GST liability	6,86,440

Question: 42

Singhal Brothers, registered in Uttarakhand has supplied 30 tons of a chemical @ ₹ 50,000 per ton (excluding taxes) to P of Uttarakhand on 8th September, 20XX. The invoice for the supply has also been issued on the same date. Further, following additional amounts were also charged from P:-

Particulars	₹
Freight	1,80,000
Packing charges	1,10,000
Weighing charges	20,000
Cost of instrument specially purchased by Singhal Brothers to manufacture the chemical	3,10,000

As per the terms of the contract of supply, Singhal Brothers is required to get the chemical inspected by an independent testing agency before the delivery of the same to P. P has paid such inspection charges amounting to ₹ 12,000 directly to the testing agency. Singhal Brothers has also received ₹ 50,00,000 as a subsidy from State

Government for setting up chemical manufacturing plant in Uttarakhand.

P is required to make payment within 15 days of supply in terms of the contract. However, P delayed the payment of consideration and made payment in November, 20XX thus paid ₹ 15,000 as interest. You are required to calculate the GST liability in this case and due date of deposit. Assume the rate of GST to be 18%.

Note: Singhal Brothers and P are not related and price is the sole consideration for the supply.

Answer:**Computation of GST liability of Singhal Brothers**

Particulars	
Price of chemicals (Rs. 50,000 x 30 tons) [Note-1]	15,00,000
Freight [Note-2]	1,80,000
Packing charges [Note-3]	1,10,000
Weighing charges [Note-3]	20,000
Cost of special instrument [Note-4]	3,10,000
Inspection charges [Note-5]	12,000
Government subsidy [Note-6]	-
Interest for late payment [Note 7] (₹ 15,000 x 100/118)	12,712
Value of taxable supply	21,44,712
Tax liability for the month of September 20XX	
Value of taxable supply (₹ 21,44,712 - ₹ 12,712) [Note-8]	21,32,000
CGST @ 9%	1,91,880
SGST @ 9%	1,91,880
Tax liability for the month of November 20XX	
Interest for late consideration [Note-9]	12,712
CGST payable @ 9%	1,144
SGST payable @ 9%	1,144

Due date of deposit of GST

Particulars	Time of Supply	Due date of deposit [Note-11]
GST liability of ₹ 3,83,760 for the taxable supply made by Singhal Brothers [Note-10]	September 8, 20XX	October 20, 20XX
Interest amounting to ₹ 2,288 [Note-9]	November, 20XX	December 20, 20XX

Notes:

- (1) As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e., the price actually paid or payable for the said supply when the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.
- (2) The given supply is a composite supply involving supply of goods (chemical) and services (freight) where the principal supply is the supply of goods. As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly. Thus, tax rate applicable to the goods (chemical) has been considered.
- (3) All incidental expenses including packing charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- (4) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- (5) Any amount that the supplier is liable to pay in relation to supply but incurred by the recipient of supply and not included in the price actually paid for the goods is includible in the value of supply in terms of section 15(2)(b) of CGST Act, 2017.
- (6) Subsidies not directly linked to the price and provided by the Central Government and State Governments are not includible in the value of supply in terms of section 15(2)(e) of the CGST Act, 2017.
- (7) Interest for the delayed payment of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d) of the CGST Act, 2017.

The interest has to be considered as cum tax value and tax payable thereon has to be computed by making back calculations in terms of rule 35 of CGST Rules, 2017.

- (8) The tax liability for the month of September, 20XX will not include the tax payable on the amount of interest as the tax liability for the delayed payment of interest arises on the date of receipt of interest in terms of section 12(6) of CGST Act, 2017.
- (9) As per section 12(6) of the CGST Act, 2017, the time of supply in case of addition in value by way of interest for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Thus, the time of supply of interest received on account of delayed payment of consideration is the date of receipt of interest.
- (10) The time of supply for suppliers of goods having aggregate turnover up to ` 1.5 crore in the preceding financial year (excluding composition suppliers) will be the time of issue of invoice vide **Notification No. 40/2017 CT dated 13.10.2017**. Thus in the present case, the time of supply would be date of issue of invoice i.e. September 8, 20XX assuming that aggregate turnover of Singhal Brothers in the preceding financial year is upto Rs. 1.5 crore.

However, if the aggregate turnover of Singhal Brothers in the preceding financial year is more than Rs. 1.5 crore, then also the time of supply would be the date of issue of invoice i.e. September 8, 20XX in terms of section 12(2) of CGST Act, 2017 as the invoice for the supply has been issued earlier than the date of receipt of payment

As per section 39(1) of CGST Act, 2017 every person registered under regular scheme of payment of tax has to furnish the prescribed return on or before 20th of the succeeding month. Further, section 39(7) provides that every regular registered person is liable to pay tax due to the Government by the last date on which he is required to furnish such return. Thus, GST is liable to be paid on or before 20th of the succeeding month.

Question 43:

Compute the GST liability of Mr. Mayank, an air travel agent, for the month of December 31, 20XX using the following details:-

Particulars	Amount
<i>Basic air fare collected for domestic booking of tickets</i>	<i>50,00,000</i>
<i>Basic air fare collected for international booking of ticket</i>	<i>80,00,000</i>

Answer:

As per rule 32 of the CGST Rules, 2017, the value of the supply of services in relation to booking of tickets for travel by air provided by an air travel agent shall be deemed to be an amount calculated at the rate of 5% of the basic fare in the case of domestic bookings, and at the rate of 10% of the basic fare in the case of international bookings of passage for travel by air. Thus, GST liability would be computed as under:

Particulars	
5% of the basic air fare collected for domestic booking of tickets [50,00,000 × 5%]	2,50,000
10% of the basic air fare collected for international booking of tickets [80,00,000 × 10%]	8,00,000
GST payable	10,50,000

Question 44:

Siddhi Ltd. exported some goods to Samson Inc. of USA. It received US \$ 9,000 as consideration for the same and sold the foreign currency @ ` 61 per US dollar. Compute the value of supply of money changing service under GST law and rules made thereunder in the following cases:-

- RBI reference rate for US dollar at that time is ` 62 per US dollar.**
- RBI reference rate for US dollars is not available.**

What would be the value of supply if US \$ 9,000 are converted into UK £ 4,500. RBI reference rate at that time for US \$ is ` 63 per US dollar and for UK £ is ` 101 per UK Pound.

Answer:

(a) Rule 32 of CGST Rules, 2017 inter alia provides that for a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI) reference rate for that currency at that time, multiplied by the total units of currency.

Hence, in the given case, value of taxable service would be as follows:-

(RBI reference rate for \$ – Selling rate for \$) × Total units of US \$

= ` (62-61) × 9,000

= `9,000

(b) If the RBI reference rate for a currency is not available, the value shall be 1% of the gross amount of Indian Rupees provided or received, by the person changing the money. Hence, in the given case, value of taxable service would be as follows:-

1% of ` (61 × 9,000)

= `5,490

In case neither of the currencies exchanged is Indian Rupee:

The value shall be equal to 1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at the reference rate provided by RBI.

Hence, in the given case, value of taxable service would be 1% of the lower of the following:-

(a) US dollar converted into Indian rupees = \$ 9,000 × ` 63 = `5,67,000

(b) UK pound converted into Indian rupees = £ 4,500 × ` 101 = ` 4,54,500 Value of taxable service = 1% of ` 4,54,500 = `4,545

Question: 45

A manufacturer of machinery supplied a special machine to LM Furnishers. Following details are provided in relation to amounts charged:

S.No.	Particulars	`
(i)	Price of machinery excluding taxes (before cash discount)	6,00,000
(ii)	Transit insurance	11,000
(iii)	Packing charges	9,000
(iv)	Extra charges for designing the machine	20,000
(v)	Freight	12,000

Charges mentioned in (ii) to (v) are not included in (i) above. Other information furnished is -

(a) Cash discount @ 2% on price of machinery has been allowed to the customer at the time of supply and also recorded in invoice.

(b) GST rate – 18%.

Calculate value of supply of the special machine.

Answer:**Computation of value of special machine**

Particulars	
Price of machinery	6,00,000
Add: Transit insurance [Note	11,000
1] Packing charges [Note	9,000
2] Extra design charges	20,000
[Note 3] Freight [Note 1]	12,000
Total	6,52,000
Less: 2% cash discount on price of machinery [$6,00,000 \times 2\%$] [Note 4]	12,000
Value of taxable supply	6,40,000

Notes:

- (1) The given supply is a composite supply involving supply of goods (special machine) **and** services (transit insurance and freight) where the principal supply is the supply of goods.

As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly. Thus, tax rate applicable to the goods (special machine) has been considered

- (2) All incidental expenses including packing charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- (3) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017. Thus, extra designing charges are to be included in the value of supply.
- (4) Cash discount was given at the time of supply and also recorded in invoice, so the same is not to be included while computing value of supply in terms of section 15(3)(a) of CGST Act, 2017.

Question 46:

(a) Mr. Bholenath, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of January, 20XX:

Particulars	(Rs.)
(i) Inter-state taxable supply of goods	10,00,000
(ii) Intra state taxable supply of goods	2,00,000
(iii) Intra state purchase of taxable	5,00,000

goods

He has the following input tax credit at the beginning of January 20XX:

Nature	ITC Amount in (Rs.)
CGST	20,000
SGST	30,000
IGST	25,000

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled. Compute the net GST payable by Mr. Bholenath for the month of January, 20XX.

Answer:

(a) Computation of net GST payable by Mr. Bholenath for the month of January, 20XX

Working of GST payable on Outward supplies

S.No	Particulars	(Rs.)	GST (Rs.)
(i)	Inter-State taxable supply of goods IGST @ 18% on Rs. 10,00,000		1,80,000
(ii)	Intra-State taxable supply of goods CGST @ 9% on Rs. 2,00,000	18,000	
	SGST @ 9% on Rs. 2,00,000	<u>18,000</u>	<u>36,000</u>

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	20,000	30,000	25,000
Add: ITC on Intra-State purchases of taxable goods valuing Rs. 5,00,000	<u>45,000</u>	<u>45,000</u>	
Total ITC	65,000	75,000	25,000

Computation of GST payable from cash ledger

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
GST payable	18,000	18,000	1,80,000
Less: ITC	(18,000)-CGST	(18,000)-SGST	(25,000)-IGST (47,000)-CGST (57,000)-SGST
Net GST payable	Nil	Nil	51,000

Question 47:

When shall the interest be payable by a registered person under section 50 of the CGST Act, 2017 and what is the maximum rate of interest chargeable for the same?

Answer:

(a) As per section 50 of the CGST Act, 2017, interest is payable in the following cases:-

- failure to pay tax, in full or in part within the prescribed period,
- undue or excess claim of input tax credit,
- undue or excess reduction in output tax liability.

The maximum rate of interest chargeable for the same is as under-

- 18% p.a. in case of failure to pay full/part tax within the prescribed period
- 24% p.a. in case of undue or excess claim of input tax credit or undue or excess reduction in output tax liability.

Question 48:

Who is required to furnish Final Return under CGST Act, 2017 and what is the time limit for the same? Discuss.

Answer:

Every registered person who is required to furnish a return under section 39(1) of the CGST Act, 2017 and whose registration has been surrendered or cancelled shall file a Final Return electronically in the prescribed form through the common portal.

Final Return has to be filed within 3 months of the:

- date of cancellation or
- date of order of cancellation

whichever is later.

Question 49:

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? Discuss.

Answer:

Yes, as per section 29(5) of the CGST Act, every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Question: 50

Discuss any two functions of GSTN.

Answer:

The functions of the GSTN include:

- facilitating registration;
- forwarding the returns to Central and State authorities;
- computation and settlement of IGST;
- matching of tax payment details with banking network;
- providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
- providing analysis of taxpayers' profile; and running the matching engine for matching, reversal and reclaim of input tax credit.

(Note: Any two points may be mentioned)

Question 51:

M/s. Modish and Stylish Company is a partnership firm of interior decorators and also running a readymade garment showroom. Turnover of the showroom was Rs. 80 lakh and receipts of the interior decorators service was Rs. 22 Lakh in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme?

Will your answer change, if the turnover of the showroom was Rs. 70 lakh and receipts of the interior decorators service was Rs. 22 Lakh in the preceding financial year ?

Also discuss whether it is possible for M/s. Modish and Stylish Company to opt for composition scheme only for showroom?

Answer:

(a) A registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1.50 crore [Rs. 75 lakh in case of 8 special category States may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, *inter alia*, he is engaged in the supply of services (in excess of specified Limit) other than restaurant services.

In the given case, since M/s Modish and Stylish Company is engaged in supply of interior decorator's service, it is eligible to opt for composition scheme Since his Total T.O in last PFY is upto Rs. 1.50 Crore but in C.F.Y he can provide Service service under composition scheme upto Rs 10.20 lakh (102 Lakh x 10% or 5 Lakh which ever is Higher)

Therefore, the answer will remain the same i.e., the company will be eligible to opt for composition scheme Subject to limit.

Further, where more than one registered persons are having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.

Therefore, the answer will not change in the third case also as all the registrations under the same PAN are required to opt for composition scheme and he can opt.

Question 52:

Under what circumstances does the need of issuance of debit note and credit note arise under section 34 of CGST Act, 2017?

Answer:

(a) Debit note is required to be issued

- (i) if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or
- (ii) if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services

Credit note is required to be issued:-

- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- (iii) if goods supplied are returned by the recipient, or
- (iv) if goods and/or services supplied are found to be deficient.

Question 53:

Determine the effective date of registration in the following instances:

- (i) **The aggregate turnover of Ganesh Ltd., engaged in taxable supply of services in the state of**

Punjab, exceeded Rs. 20 lakh on 25th August, 2019. It applies for registration on 19th September, 2019 and is granted registration certificate on 29th September, 2019.

- (ii) **What will be your answer, if in the above scenario, Ganesh Ltd. submits the application for registration on 27th September, 2019 and is granted registration on 5th October, 2019?**

Answer:

(a) A supplier whose aggregate turnover in a financial year exceeds Rs. 20 lakh in a State/UT [Rs. 10 lakh in Special Category States [4 States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of Rs. 20 lakh/Rs. 10 lakh).

Where the application is submitted within the said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

In the given case, the applicable turnover limit for registration will be Rs. 20 lakh as Punjab is not a Special Category State.

- (i) Since Ganesh Ltd. applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th August, 2019.
- (ii) In this case, since Ganesh Ltd. applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th October, 2019.

Question 54:

Determine the place of supply for the following independent cases under the IGST Act, 2017:

- (i) **Mega Events, an event management company at Kolkata, organises two award functions for Shagun Jewellers of Chennai (Registered in Chennai) at New Delhi and at Singapore.**
- (ii) **Crown Planners (Bengaluru) is hired by Dr. Banta (unregistered person based in Kochi) to plan and organise his son's wedding at Mumbai.**

Will your answer be different if the wedding is to take place at Malaysia?

Answer:

- (i) When service by way of organization of an event is provided to a registered person, place of supply is the location of recipient in terms of section 12(7)(a)(i) of IGST Act, 2017.

Since, in the given case, the award functions at New Delhi and Singapore are organized for Shagun Jewellers (registered in Chennai), place of supply in both the cases is the location of Shagun Jewellers i.e., Chennai.

Answer:

Due date for payment of tax collected on 18.12.2017 is 20.01.2018. However, since tax is actually paid on 26.02.2018, interest @ 18% p.a. is payable for the period for which the tax remains unpaid [37 days] in terms of section 50 of CGST Act, 2017 read with Notification No. 13/2017 CT dated 28.06.2017. Amount of interest is:

$$= \text{Rs. } 80,000 \times 18\% \times 37/365 = \text{Rs. } 1,460 \text{ (rounded off)}$$

As per section 73(11) of CGST Act, 2017, where self-assessed tax/any amount collected as tax is not paid within 30 days from due date of payment of tax, then, *inter alia*, option to pay such tax before issuance of SCN to avoid penalty, is not available.

Consequently, penalty equivalent to

- (i) 10% of tax, viz., Rs. 8,000 or
(ii) Rs. 10,000,

whichever is higher,

is payable in terms of section 73(9) of CGST Act, 2017. Therefore, penalty of Rs. 10,000 will have to be paid by Richmond.

Question: 57

Forward Ltd. is a manufacturing concern in Gujarat. In Financial Year 2019-20 total value of supplies including inward supplies taxed under reverse charge basis are Rs. 82,00,000. The break up of supplies are as follows –

1. Intra State Supplies made under forward charge-	25 lakh
2. Intra State Supplies made which are chargeable to GST at Nil rate-	23.5 lakh
3. Intra state Supplies which are wholly exempt under section 11 of CGST Act, 2017-	25.5 lakh
4. Value of inward supplies on which tax payable under RCM-	18 lakh

Briefly explain whether Forward Ltd. is eligible to opt for Composition scheme in Financial Year 2020-21.

Solution:

A registered person, whose aggregate turnover in the preceding financial year did not exceed Rs 1.50 crore may opt for payment of tax under Composition scheme.

As per Section 2(6) of the CGST Act, 2017, "Aggregate turnover" means the aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed

on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

Computation of Aggregate Turnover

Intra State Supplies made under forward charge-	25 lakh
Intra State Supplies made which are which are chargeable to GST at Nil rate-	23.5 lakh
Intra state Supplies which are wholly exempt under section 11 of CGST Act, 2017-	25.5 lakh
Value of inward supplies on which tax payable under RCM-	Nil
Total	74 lakh

Since, Aggregate turnover does not exceed Rs 1.50 crore during the Financial Year 2019-20; Therefore, Forward Ltd. is entitled for Composition Scheme for Financial Year 2020-21.

Question 58:

P, a trader who has a revenue of INR 50,00,000 inclusive of GST @ 5% has purchases amounting to INR 40,00,000 (GST @ 5% extra). Book-keeping and GST compliance costs are INR 250,000 and other administrative costs are INR 50,000. He now wants to switch to Composition Levy. You are requested to advise in your capacity as a GST consultant.

Solution:

Normal Levy

Revenue	50,00,000
Less: GST	2,38,095
Net Revenue	47,61,905
Less: Purchases	40,00,000
Book Keeping	2,50,000
Other Costs	50,000

Composition Levy

Revenue	50,00,000
Less: GST	NIL
Net Revenue	50,00,000
Less : Purchases	42,00,000
Book Keeping	2,50,000
Other Costs	50,000
GST Liability	50,000

Profit	4,61,905	Profit	6,00,000
Payable	2,38,095	GST Liability	50,000
ITC	2,00,000	(1% of Turnover)	
GST Liability	38,095		
Cash Flow	4,23,810	Cash Flow	6,00,000

Notes:

1. GST liability wouldn't exist if he opts for composition levy and the trader can now charge the full amount which he was charging inclusive of GST earlier
2. for normal levy, the GST included in sales is $50,00,000 * 5 / 105$
3. The ITC is available in case of normal levy and not composition levy
4. Hence, the taxes (input) are a part of purchase costs and the output is @ 1% of the turnover in case of Composition Levy

Since the book keeping costs are substantially lower in case of composition levy, the profits and cash flows are higher and hence the trader should be advised to switch to Composition Levy.

Question & Answer 59:

Mr. X of Mumbai sells refrigerators to M/s Y of Ahmedabad. The place of supply would be Ahmedabad. Since the location of supplier (Maharashtra) and the place of supply (Gujarat) are in different states, IGST would be charged, being inter-state supply.

Question & Answer 60:

A having registered place of business at Pune, placed an order on B Ltd. in new Delhi, for delivering a parcel to C who was at nasik. In this case, the place of supply would be Pune and since the location of supplier (New Delhi) and place of supply (Maharashtra) are different, IGST would be charged.

Question & Answer 61:

Srinivasan from Bangalore travelled to Chennai for a vacation and purchased a laptop from Croma at Chennai. In this case, the place of business would be Chennai and since the location of supplier and place of supply are same, CGST + SGST would be charged, being an intra-state supply

Question & Answer 62:

Surya Narayan from Jamshedpur ordered a machine to be installed in his factory at Jamshedpur. The supplier, from Kolkata, sourced the parts from various states across the country after which the machine was successfully installed at his factory at Jamshedpur. In this case, the place of supply would be Jamshedpur. Since the location of the supplier (West Bengal) and the place of supply (Jharkhand) are different, IGST would be charged.

Question & Answer 63:

Howrah – New Delhi Rajdhani Express supplies food which was taken on board at Mugalsarai in Uttar Pradesh. The place of supply would be Mugalsarai (Uttar Pradesh) in this case.

Question 64:

Nisha Enterprises had made supplies of INR 750,000 to Tee Kay Services. There was a tax levied by Municipal Authorities on such sale of INR 75,000/-. CGST and SGST chargeable on the supply was 37500/-. Packing charges, not included in the price above amounted to INR 15,000. Nisha Enterprises received a subsidy of INR 30,000/- from an NGO on the sale of such goods, and the price mentioned above is after taking into account the subsidy. Discount offered is @ 1% and that's mentioned on the Invoice. Determine the Value of Supply.

Price Charged	7,50,000
Add: Tax charged by Municipal Authorities	75,000
Packing Charges	15,000
Subsidy from NGO	30,000
Total after all inclusions	8,70,000
Less: Discount @ 1%	7,500
Value	8,62,500

Notes 1.

1. CGST and SGST is not included in the determination of value of supply, rather taxed post determination on the same
2. Subsidy since received from a non-governmental body is added back to determine the value of supply
3. Discount on basic price is an exclusion

Question & Answer: 65

Mr. Z applies for voluntary registration on 1st September and is granted such registration on 9th September. He will hence be entitled to take ITC effective 8th September on inputs (Raw Material/Work in Process/Finished Goods); except on Capital Goods.

Question & Answer 66:

Mr. C acquired a Capital Asset on 1st April, 2017 and used it for production of exempt supplies only. now, in November 2018, his supplies become taxable. The cost of the asset was INR 250,000 and GST 18% was charged on it.

Hence the ITC applicable is $\text{INR } 250,000 \times 18\%$, which is INR 45,000.

now, number of quarters of usage that have elapsed between April 2017 to november 2018 are: seven.

Hence, there would be a reduction of 5% per quarter for 7 quarters, that is 35%.

Therefore, ITC available would be as under.

Total ITC	45000
Less: Redn for 7 quarters	15750
Net ITC available	29250

Note:

That this ITC would be available from the date immediately preceding the date from which the supply becomes taxable. Rule 40(2) of CGST RuLES, 2017, states that the amount of credit shall be calculated by reducing the input tax @ 5% for every quarter or part thereof. It shall be calculated from the date of issue of invoice for the capital goods.

Question & Answer 67:

X Ltd. purchased a machine for Rs. 100,000 and brought it on 1.8.2018 and paid 12% IGST. He availed input tax credit and used the capital goods in his business. On 5.11.2019 he resold it as second-hand machine for 65,000. Find out the amount of tax payable/ ITC reversible in the above case.

Input Tax	12000
Less: 5% per quarter of usage	3600
Net ITC available	8400
Transaction Value	65000
Tax on Transaction Value	7800

Notes:

- 6 quarters have elapsed and therefore 6*5%, that is 30% would be the reduction for usage
- Tax on Transaction Value @ GST would be computed and compared to the Net ITC available
- The higher of the two would be payable for disposal of Capital Goods
- If the supply is intrastate, it should be payable in two equal parts (4200) to Centre and the concerned State (that is CGST + SGST).
- If it is an interstate supply, Rs. 8,400 is payable as IGST.
- An invoice has to be issued to the recipient with the details of tax amount.

Question: 68

When Generation of EWB (E-Way Bill) is not mandatory?

Answer:

Watch Video of EWB, Uploaded on My Youtube Channel or Class notes

Question: 69

Whether EWB is required for all transactions undertaken by a taxable person?

Answer:

Watch Video of EWB, Uploaded on My Youtube Channel or Class notes

Question 70:

What is meaning of the term consignment value to determine the threshold limit of Rs. 50,000 (Value with taxes or without taxes, whether with exempted supply or without exempted supply)

Answer:

Watch Video of EWB, Uploaded on My Youtube Channel or Class notes

Question 71:

Mr. X (GST Registered Supplier) is causing movement of goods upto the place of his recipient. EWB has been generated covering the consignment.

- a) Is there any validity period of the EWB?**
- b) What is the validity Period?**
- c) Form which date validity period is computed?**

Presume: consignment value is more than Rs. 50,000 and distance is 60 Kms.

Answer:

Watch Video of EWB, Uploaded on My Youtube Channel or Class notes

Question 72:

What are the conditions necessary for obtaining ITC:

Answer:

Check Section 16(1) & 16(2) of CGST ACT, 2017 (Given in Book)

Question 73:

What is the Time limit for taking ITC and reason thereof ?

Answer:

Check Section 16(4) of CGST ACT, 2017 (Given in Book).

Question 74:

Supplier had made a Supply in August, 2017. The party Returned the Goods in November. Will he still be able to issue a Credit note? What is the Time limit of issue Credit Note?

Answer:

A Credit note can be issued for any supplies. However, in order to declare the details of the credit note and thereby claim a reduction in output tax liability, it must be issued and declared in a return upto September following the end of Financial year, or before filing of the annual return for that financial year, Whichever is earlier.

Example: Assuming that annual return for the 2018-19 is not yet filed, a credit note can be issued in respect of any of the supplies made during the year 2018-19, upto 30th September, 2019.

However, if the annual return is filed for the financial year 2018-19 on 31st July, 2019, then the details of Credit note for the year 2018-19 can't be filed after 31st July, 2019

Question 75:

What are the Circumstances in which credit note and Debit note is to be issued?

Answer:

Check Section 34 Given in Book.

Question 76:

What are the different types of supplies which are liable to tax under reverse charge mechanism?

Answer: As per Section 9 of CGST Act, 2017 there are two types of supplies which are liable to pay tax under reverse charge mechanism which are:-

1. Specified categories of Supply of Goods or services or both as notified by government on the recommendation of the council (Section 9(3) of CGST Act and Section 5(3) of IGST Act)
2. Supply of taxable goods or services or both by an unregistered supplier to registered person. (Section 9(4) of CGST Act and Section 5(4) of IGST Act)

Question 77:

Shiv is an insurance agent of RIL General insurance Ltd. Commission earned by him in FY 2018-19 (July 1, 2018 and March 31, 2019) is Rs. 20,50,000 from the company.

Answer the following:

1. **Is Shiv liable to pay GST on Full 20,50,000 or only on 50,000**
2. **Is Shiv liable to take GST Registration?**

Answer:

Service of insurance agent to insurance company are subject to reverse charge as stipulated u/s 9(3) of CGST Act or Section 5(3) of IGST Act, Thus, Services of Shiv are subject to reverse charge under GST Law.

Accordingly,

1. Shiv, the supplier of service is not liable to pay GST, Rather RIL General insurance Ltd., the receiver of service, is liable to pay GST (GST Payable = 18% of 20,50,000)
2. Shiv is not liable to pay GST and hence he is exempted from requirement of obtaining GST Registration (Section 23 of CGST Act, 2017 read with N/N 5/2017)

Question 78:**What are the Cases in Which Registration is Compulsory?****Answer:****Read Section 24 of CGST Act, 2017 from Book. (MUST Learn minimum 8 Points)****Question 79**

State the necessary pre-conditions for levy of GST on goods and services.

Answer:

The following conditions are required to be satisfied for a transaction to be chargeable to GST, i.e.-

- a) it involves supply of goods or services or both in terms of Section 7 of the CGST Act, 2017;
- b) the supply is a taxable supply; and
- c) the supply is made by a taxable person.

Question 80

ABC Sweets Ltd., registered in Kerala dealing in supply of sweets from its shop in city "X". It has shops (units) in City "Y" and City "Z" in Kerala and City "W" in Tamil Nadu. It transfers some of its stock from its shop in City "X" to its other units in Kerala (intra-state) and Tamil Nadu (inter-state). Whether such self-supplies are taxable under GST?

Answer:

The definition of supply given under section 7 of CGST Act, 2017 is an inclusive one. It does not specify that supply is to be made by one person to another. So, self-supplies are to be treated as supply in terms of section 7 of CGST Act. Further, section 25(5) provides that where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory or in the same state or Union territory provided such establishment is separately registered in GST, then such establishments shall be treated as establishments of distinct persons.

Clause (2) of Schedule I of CGST Act, 2017 inter alia provides that supply of goods & services between distinct persons as specified in section 25 made in the course or furtherance of business is to be treated as supply even if made without consideration.

The legal position is thus crystalized that Inter-state self-supplies such as stock transfers, branch transfers or consignment sales shall be taxable under IGST even though such transactions may not involve payment of consideration and Intra-state self-supplies shall also be taxable provided the recipient is separately registered as business vertical.

In view of the above discussed legal position, Inter State transfer of stock made by ABC Sweets Ltd. i.e. to its shop located in City "W" in Tamil Nadu are taxable under GST. Assuming that the shops of ABC Sweets Ltd. Located in City "Y" and City "Z" in Kerala are not separately registered, self-supplies made to such shops are not taxable under GST.

Question 81

Discuss whether GST would be payable in following independent cases:

- a) A Company Secretary makes payment of LLP Registration fees of Rs. 3,000/- on behalf of their clients and charges the client his professional fee of Rs. 15,000/- along with expenses of Rs. 3,000/- incurred in form of payment to Registrar of Companies.
- b) A company provides Subsidized Meal facility to employees. It pays Rs. 70/- per plate to the caterer and deducts Rs. 10/- per plate from the employee's salary.
- c) A pharmaceutical company supplies free samples to doctors.
- d) Raghunath Temple Charitable trust, registered under section 10(23C)(v) of the Income-tax Act gives on rent a community hall, located within temple premises, to public for organizing a Diwali Mela. Rent charged is Rs. 9,500.
- e) Northstar Trucking Ltd. has given on hire 11 trucks to Jaggi Transporters of Mumbai (a goods transport agency) for transporting goods in various parts of the country. The hiring charges for the trucks are Rs. 10,200 per truck per day.

Answer:

- a) Rule 33 of the CGST Rules 2017 provides that the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply.

In view of the same, GST is payable only on Rs. 15,000 and not on Rs. 3,000 which were paid by him while acting as a Pure Agent.

- b) As per the decision of AAR in Kerala, as also affirmed by the App. A.A.R., in the matter of M/s. Caltech Polymers Pvt. Ltd., the recovery of subsidized meal facility from the employees is chargeable to GST at market value. The Authority has held that even though there is no profit as claimed by the company on the supply of food to its employees, there is "supply" as provided in Section 7(1)(a) of the GST Act, 2017 and the applicant would definitely come under the definition of "Supplier" as provided in sub-section (105) of Section 2 of the GST Act, 2017.

In view of the above, the company would be liable to pay GST on the subsidized meal provided to its employees.

- c) The answer of the question of taxability of free samples can be given after referring to Section 7 and Schedule I of the CGST Act, 2017.

According to section 7 Supply includes "All forms of supply of goods or services or both made or agreed to be made for a consideration by a person in the course or furtherance of business; Schedule I specifies activities made or agreed to be made without a consideration and as per that **supply made without consideration to unrelated person will not treated as supply.**

Therefore, GST will not be levied on free samples distributed, because it is not considered as supply. However, ITC on such purchases are not allowed to supplier.

- d) Renting of community hall by Raghunath Temple Charitable Trust is exempt from GST, as rent is less than Rs.10,000 per day. The Exemption Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 and Notification No. 9/2017 Integrated Tax (Rate) dated 28.06.2017 has exempted the said service wholly from GST. The said notification provides exemption to services by a person inter alia by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a trust or an institution under section 10(23C)(v) of the Income-tax Act . However, this exemption does not apply where renting charges of premises, community halls, kalyanmandapam or open area are Rs. 10,000 or more per day.
- e) The Exemption Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017/ Notification No. 9/2017 Integrated Tax (Rate) dated 28.06.2017 provides exemption to services by way of giving on hire inter alia to a goods transport agency, a means of transportation of goods.

In view of the above, GST is not payable in case of hiring of trucks to Jaggi Transporters.

Question 82

What is the eligibility category for opting for composition levy? Which are the Special Category States in which the turnover limit for Composition Levy for CGST and SGST purpose shall be Rs. 75 lakh?

Answer:

Composition scheme is available to such taxpayers whose turnover in the preceding financial year did not cross Rs. One crore. In the case of following 8 states, the limit of turnover to qualify for composition scheme is Rs. 75 Lakhs.

- a) Arunachal Pradesh
- b) Manipur
- c) Meghalaya
- d) Mizoram
- e) Nagaland
- f) Sikkim
- g) Tripura and
- h) Himachal Pradesh.

Question 83

From the following details pertaining to Ashwathama, a registered dealer engaged in purchase and sale of goods, ascertain the GST liability (SGST/CGST/IGST) for the month of September, 2018:

<i>Particulars</i>	<i>Amount (Rs.)</i>
Sale price charged to customers within State (excluding GST)	12,50,000
Commission charged to buyers	12,000
Packing and forwarding expenses incidental to sale	18,000
Weighment charges, shown separately in invoices	9,500

Prompt payment discount, indicated in invoice 1%, if payment made within 1 month. All buyers of goods have availed the discount.

The rates of taxes for the goods supplied are as under :

<i>Particulars</i>	<i>Rate</i>
CGST	9%
SGST	9%
IGST	18%

Answer:

Determination of GST Liability of Ashwathama for the month of September, 2018

<i>Particulars</i>	<i>Amount (Rs.)</i>
Sale price charged to customers within State (excluding GST)	12,50,000
Add : Commission charged to buyers [See Note 1]	12,000
Packing and forwarding expenses incidental to sale [See Note 1]	18,000
Weighment charges, shown separately in invoices [See Note 1]	9,500
	12,89,500
Less : Prompt payment discount, indicated in invoice 1% [See Note 2]	12,500
Value of taxable supply	12,77,000

SGST at 9%	1,14,930
CGST at 9%	1,14,930
Total GST Payable (SGST + CGST)	2,29,860

Notes:

1. As per Section 15(2)(c) of the CGST Act, 2017, all incidental expenses like commission, packing & forwarding, weighment charges form part of the taxable supply.
2. Prompt payment discount is deductible in the tax invoice, if payment is being made before or at the time of supply. However, if the payment is made post supply, the amount of discount along with tax paid thereon can be adjusted by way of a credit note. Here, it is assumed that all the buyers paid whole of the amount before the supply is made. In the event of buyers making payment post the date of supply but within 1 month, the amount of Rs. 12500/- along with CGST and SGST can be repaid to the customer by way of credit note.
3. **It is also assumed that the transaction is an intra-state supply. Hence CGST and SGST has been charged.**

Question 84

KKR Associates a firm of Company Secretaries in Delhi has an annual turnover of Rs. 76 lakh in the preceding financial year. With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme.

Answer:

As per section 10(1) of the CGST Act, 2017, a registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1 crore, may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding,—

- a) 0.5% of the turnover in State/ Union territory in case of a manufacturer,
- b) 2.5% of the turnover in State/ Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II (restaurant services), and
- c) 0.5% of the taxable turnover in State/ Union territory in case of other suppliers.
- d) 0.5% of the Service T.O (in case of Mixed Supply)

Further, sub-section (2) of section 10 lays down that the registered person shall be eligible to opt for composition levy if:—

- (a) he is not engaged in the supply of services other than restaurant services, and Other Services in excess of Specified Limit.

- (b) he is not engaged in making any supply of goods which are not leviable to tax under CGST Act; 2017
- (c) he is not engaged in making any inter-State outward supplies of goods;
- (d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and
- (e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council.

On the basis above noted provisions, a firm of Company Secretaries, being a supplier of professional services (other than restaurant services) is not eligible to apply for composition scheme. Since its ATO is more than Specified Limit [i.e 50 Lakhs] Therefore, it has to discharge its tax liability under regular provisions at the applicable rates.

Question 85

Mr. Hemant Kumar, a registered supplier of Chandigarh, has received an amount of Rs. 50,000 for providing services of a selector of national team to recognized sports body in Delhi. Will he be liable to charge GST on the same. What will be the status if Mr. Hemant Kumar do not have any other income except Rs. 50,000 as mentioned above.

Answer:

Services provided to a recognized sports body by an individual only as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Exemption Notification No. 9/2017 IT(R) dated 28.06.2017. Thus, service provided as selector of team is not covered in the above referred notification, Mr. Hemant Kumar is liable to charge GST on Rs. 50,000/-.

In case the turnover of Mr Hemant Kumar falls below the minimum threshold of Rs. 20 lakhs, he is not required to charge any tax.

Question 86

Distinguish between composite supply and mixed supply. Explain in the context of CGST Act, the liability on composite and mixed supplies.

Answer:

In terms of Section 2(30) of the CGST Act, 2017, composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. The illustration of composite supply appended to Section 2(30) is as follows:

Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

In terms of Section 2(74) of the CGST Act, mixed supply means two or more individual supplies of goods or services or any combination thereof, made in conjunction with each

other by a taxable person for a single price where such supply does not constitute a composite supply. The illustration of mixed supply appended to Section 2(74) is as follows:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

The tax liability on a composite or a mixed supply shall be determined in the following manner;

- (i) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply. Hence, in case of composite supply, tax rate as applicable to principal supply would apply to entire supply; and
- (ii) A mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax. Hence, in case of mixed supply, highest tax rate as applicable to any single supply would apply to all supplies forming part of mixed supply.

Question 87

Harivallabh, a registered supplier, rendered taxable service for Rs. 2 lakhs on 1-10-2019. The tax invoice was raised on 9-11-2019. Payment was received the next day. Ascertain the time of supply for GST purposes.

Answer:

The time of supply as per section 13 of CGST Act, 2017 would be 01.10.2018 i.e. earliest of the following:

- (a) Date of provision of service (01.10.2019)
- (b) Date of receipt of payment (10.11.2019) Further, Rule 47 of the CGST Rules, 2017 provides that tax invoice in case of supply of service shall be issued within 30 days from the date of supply of service.

Thus, in the present facts, Tax Invoice should have been issued by Mr. Harivallabh within 30 days from the date of providing of service on 01-10-2019 i.e. by 31.10.2019.

Tax invoice issued/raised on 09-11-2019 is beyond the stipulated time limit.

Question 88

Discuss whether the following transactions will be considered as supply or not under GST laws

- a) An individual buys a car for personal use and after a year sells it to a car dealer.
- b) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence.

- c) Provision of service or goods by a club or association or society to its members.

Answer:

- a) No, because the sale of old and used car by an individual is not in the course or furtherance of business and hence does not constitute supply. [Section 7 CGST Act]
 b) Yes. As per Sl. No.1 of Schedule-I, permanent transfer or disposal of business assets where input tax credit has been availed on such assets shall constitute a supply under GST even where no consideration is involved.

Yes. Provision of facilities by a club, association, society or any such body to its members shall be treated as supply. This is included in the definition of 'business' in section 2(17) of CGST/SGST Act.

Question 89

Discuss whether the following transactions/activities will be treated as supply of goods or supply of service

- a) Transfer of right to use goods
 b) Works contracts and Catering services
 c) Supply of software
 d) Goods supplied on hire purchase basis

Answer:

- a) Transfer of right to use goods shall be treated as supply of service because there is no transfer of title in such supplies. Such transactions are specifically treated as supply of service in Schedule-II of CGST/SGST Act.
 b) Works contracts and catering services shall be treated as supply of services as both are specified under Sl. No. 6 (a) and (b) in Schedule-II of the GST law.
 c) Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software shall be treated as supply of services as listed in Sl. No. 5 (2)(d) of Schedule –II of the GST law.
 Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

Question 90

Nargis Agro Traders located at Jaipur and engaged in the business as retail traders provides the following details of its inward and outward supplies made during the month of July, 2019 :

	Items	(Amount in Rupees)	
		Inward Supply	Outward Supply
(i)	Sugar Candies	1,00,000	1,20,000
(ii)	Chocolate Bars	80,000	1,00,000
(iii)	Wafers Packets	75,000	60,000

(iv)	Biscuits	50,000	50,000
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The rate of tax under IGST on the items are 5%, 12%, 12% and 18% respectively. Your are required to calculate the amount of IGST payable and the date by which the due tax is to be paid by the trader for the month of July, 19 after availing the Input Credit.

Answer:

Note:

- (i) Since GST statutes require that GST is to be charged separately, hence, all prices are taken as ex-tax values.
 - (ii) It is assumed that both purchase and sales are inter-state transactions.
1. Calculation of outward tax payable by Nargis Agro Traders on the sales during July, 2018.

Item	Value in Rs.	Rate	Tax in Rs.
Sugar Candies	1,20,000	5%	6,000
Chocolates Bars	1,00,000	12%	12,000
Wafers Packets	60,000	12%	7,200
Biscuits	50,000	18%	9,000
			34,200

2. Calculation of Input Tax available on Inward Supplies

Item	Value in Rs.	Rate	Tax in Rs.
Sugar Candies	1,00,000	5%	5,000
Chocolates Bars	80,000	12%	9,600
Wafers Packets	75,000	12%	9,000
Biscuits	50,000	18%	9,000
Total Input Tax Credit			32,600

Total tax payable - Rs.34,200 Mode of payment

By debiting electronic credit ledger - Rs. 32,600 By debiting
electronic cash ledger Rs. Rs. 1600

Due date for payment of tax shall be 20th of August 2019.

Question 91

Jayakumar Textiles Ltd., purchased a machinery on 12th August, 2018 for Rs.12 lakhs (excluding GST). The company put the machinery to use after the purchase and availed input tax credit for the eligible amount. The machinery was sold as second hand machinery on 14th May, 2019 for Rs.9 lakhs. During purchase as well as sale of the machinery, the GST rate applicable was 18%. Assuming that there was no change in legal position after November, 2018, discuss the steps which Jayakumar Textiles Ltd., is required to take at the time of sale of the secondhand machine. Briefly state the statutory provisions involved.

Answer:

Section 18(6) of the CGST Act, 2017 read with rule 40(2) the CGST Rules, 2017 provide that if capital goods or plant and machinery on which input tax credit has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:

- Input tax credit taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods, or
- Tax on transaction value.

Jayakumar Textiles Ltd. is required to take the steps in the light of above provisions for payment of tax at the time of sale of second hand machinery. The amount payable on sale of machinery shall be:

Particulars	Amount (Rs.)	Amount (Rs.)
Input tax credit taken on machine	(1200000 x 18%)	2,16,000
Less : Input tax credit to be reversed @ 5% per quarter for the period of use of machine from August, 2018 to May, 2019	(216000 x 5%) x 3 Qtrs.	
(i) For the year 2018-19	(216000 x 5%) x 1 Qtr.	(32,400)
(ii) For the year 2019-20	10,800	(43,200)
Amount required to be paid as per (a) above		1,72,800
Tax leviable on transaction value (900000 x 18%) as per (b) above		1,62,000
Amount payable towards sale of machine being higher of Rs. 1,72,800/- and Rs. 1,62,000/-		1,72,800

Question 92

XYZ Ltd, having its head office at Mumbai, is registered as Input Service Distributor (ISD). It has three units in different cities situated in 'Mumbai', 'Jabalpur' and 'Delhi' which are operational in the current year. XYZ Ltd. furnishes the following information for the month of July 2019 :

- CGST paid on services used only for Mumbai Unit : Rs. 3,00,000
- IGST, CGST & SGST paid on services used for all units : Rs. 12,00,000

Total turnover of the units for the previous financial year is as follows :

<i>Unit</i>	<i>Turnover (Rs.)</i>
Total Turnover of three units	Rs. 10,00,00,000
Turnover of Mumbai unit	Rs. 5,00,00,000
Turnover of Jabalpur unit	Rs. 3,00,00,000

Determine the credit to be distributed by XYZ Ltd. to each of its three units.

Answer:

Section 20 of the CGST Act provides mechanism for the distribution of input tax credit by the Input tax distributor (ISD) .

Input Tax Credit to be distributed by XYZ Ltd. a registered ISD on different Units for July, 2019 is detailed as below;

<i>Particulars</i>	<i>Total Credit</i>	<i>Credit to be distributed (Amount in Rs.)</i>		
		<i>Mumbai</i>	<i>Jabalpur</i>	<i>Delhi</i>
CGST paid on the services used for Mumbai office only	300000	300000	-	-
IGST, CGST and SGST paid on the services used for all units in operation during the year (see note)	1200000	600000	360000	240000
Total	1500000	900000	360000	240000

Note : The input-tax credit has been distributed on all the units on the pro-rata basis of the turnover of each of the Units in the ratio of 5:3:2.

Question 92

Siddharth Transports Ltd., is running a regular tourist bus service, carrying passengers and goods from Coimbatore, Tamil Nadu to Trivandrum, Kerala, with effect from 1st August, 2017 and is charging IGST on transportation services under forward charge mechanism. Discuss whether on Inter-state movement of tourist buses from one depot to another of Siddharth Transports Ltd. would be leviable to IGST.

Answer:

The legal provisions in GST laws are as under:

- a) **As per Section 24(1) of the CGST Act**, persons making any inter-State taxable supply shall be required to be registered under this Act.
- b) **As per Section 25(4) of the said Act** a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.
- c) **Schedule I of the said Act** specifies situations where activities are to be treated as supply even if made without consideration which also includes supply of goods or services or both between related persons or between distinct persons as specified in Section 25, when made in the course or furtherance of business.
- d) **Section 7(2) of the CGST Act** envisages that activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

The issue of inter-state movement of goods like movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the said Act, not involving further supply of such conveyance, including trucks, buses, etc., (a) carrying goods or passengers or both; or (b) for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] was discussed in GST Council's meeting held on 11th June, 2017 and the Council recommended that such inter-state movement shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST. Based on such recommendation, the Government suitably issued a *Circular No. 1/1/2017 IGST dated 07.07.2017 to clarify such position.*

In view of above, the inter-state movement of conveyance of Siddharth Transports Ltd shall not be treated as supply and consequently IGST will not be payable thereon..

(Reference in this regard may be made to)

Question 93

What is aggregate turnover? A Ltd. is a registered person in Andhra Pradesh State where his intra-state turnover is Rs. 45 lakhs and also has inter-state turnover of Rs. 20 lakhs in Rajasthan and intra-state turnover of Rs. 5 lakhs Maharashtra. How to compute the aggregate turnover and in which states is he required to apply for registration?

Answer:

As per Section 2(6) of the CGST Act, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a

person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

The company A Ltd. will be required to take registration in all the three states as its aggregate turnover is above the threshold limit. Aggregate turnover of persons having the same PAN is computed on all India basis that is for persons having turnover in multiple States, aggregate turnover is computed as a sum of turnovers of all the registrations. Therefore, the Aggregate turnover of A Ltd. will be sum of turnovers of all the three States (i.e.) Andhra Pradesh, Rajasthan and Maharashtra- Rs. 45 lakhs+ Rs. 20 lakhs+ Rs. 5 lakhs = Rs. 70 lakhs.

Question 94

Vinod, a supplier of goods in Vadodara furnishes the following particulars pertaining to supplies likely to be effected by him during the third and fourth quarters of the FY 2018-19 :

Value of supply of goods chargeable to GST	Rs. 18 lakhs
Goods to be supplied to World Health Organization, Ahmedabad office	Rs. 4 lakhs

All supplies will be within the State only. He desires to know whether he should get himself registered for GST purposes. Advise him suitably.

Answer:

Computation of total supplies of Vinod

Particulars	Rs. (in Lakhs)
Value of Supply of goods chargeable to GST	18
Goods to be supplied to World Health Organisation [Though this is an exempt SUPPLY BUT INCLUDIBLE for ascertaining aggregate turnover]	4
Aggregate Turnover	22

It is to be noted that aggregate turnover would include, Taxable Supplies, Exempt Supplies, Zero Rated Supplies and Inter State Supplies, but not the inward supplies in which tax is payable by a person on reverse charge basis. Since the aggregate turnover

during third and fourth quarter of 2017-18 of Mr. Vinod exceeds Rs. 20 lakhs, he is advised to apply for registration under GST laws.

Question 95

State the Form Number and the due date for its filing under CGST Act, 2017 of the return by :

- (i) a composition scheme taxable person
- (ii) a registered person deducting tax at source
- (iii) an input service distributor.

Answer:

Tax Payer	Form No. to be filed	Due date of Filing Return
(i) Composition scheme	GSTR-4	18th of month next to relevant taxable person quarter 30 th April of the Next following F.Y.
(ii) Registered person deducting tax at source	GSTR-7	10th of next month
(iii) Input Service Distributor	GSTR-6	13th of next month

Question 96

Who are required to file Annual Return under CGST Act 2017? Also explain the time limit for filing such return. Is there any requirement of furnishing of the audited annual accounts?

Answer:

- (i) **Person liable to file annual return:** Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or Section 52, casual taxable person and a non – resident taxable person, shall furnish an annual return for every financial year electronically in FORM GSTR-9. A registered taxable person paying opting to pay tax under the composition scheme is required to file the annual return in FORM GSTR-9A.
- (ii) **Due date is 31st Dec. after end of year:** Annual return shall be filed on or before the 31st day of December following the end of such financial year.
- (iii) **Persons liable to Audit:** If the turnover of the registered taxable person exceeds Rs. 2 crore, then the Annual Return is required to be audited by a Chartered Accountant or Cost Accountant. Further, the registered taxable person also have to submit reconciliation statement in FORM GSTR-9C. If the turnover does not exceed Rs. 2 crore, the registered taxable person can himself compile the details in FORM GSTR-9 and submit the return.

Question 97

Is there any special document required to be carried during transportation of taxable goods? Briefly explain provisions related to e-way bill as per CGST Act, 2017 relating to:

- (i) When it is being required?
- (ii) What is its validity period?

Answer:

- (i) Yes, as per Section 138 of the CGST Act, E-way bill is required to be carried during movement of goods exceeding Rs. 50,000, which is generated on the GST Portal. The person in charge of a conveyance carrying any consignment of goods of value exceeding a specified amount to carry with him such documents and devices as may be prescribed by the Government. On interception of the conveyance, the person in charge shall produce the prescribed documents and devices for verification and allow inspection of goods by the proper officer.

Rule 138A of the CGST Rules, 2017 provides for the following documents and devices to be carried:-

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner

- (ii) The validity period of e-way bill is tabulated as under :

Sl. No.	Distance	Validity period
(1)	(2)	(3)
1.	Upto 100 km.	one day in case other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
2.	For every 100 km. or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
3.	Upto 20 km	One day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
4.	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship:

Question: 98

(a) Ranjan intends to start selling certain goods in Delhi. However, he is not able to determine the classification of the goods proposed to be supplied by him [as the classification of said goods has been contentious].

Ranjan's tax advisor has advised him to apply for the advance ruling in respect of said issue. He told Ranjan that the advance ruling would bring him certainty and transparency in respect of the said issue and would avoid litigation later. Ranjan agreed with his view, but has some apprehensions.

In view of the information given above, you are required to advise Ranjan with respect to following:

- (i) The tax advisor asks Ranjan to get registered under GST law before applying for the advance ruling as only a registered person can apply for the same. Whether Ranjan needs to get registered?
- (ii) Can Ranjan seek advance ruling to determine the classification of the goods proposed to be supplied by him?
Further, Sambhav - Ranjan's friend - is a supplier registered in Delhi. He is engaged in supply of the goods, which Ranjan proposes to supply at the same commercial level that Ranjan proposes to adopt.

He intends to apply the classification of the goods if decided in the advance ruling order to be obtained by Ranjan, to the goods supplied by him in Delhi. Whether Sambhav can do so?

- (iii) Ranjan is apprehensive that if at all advance ruling is permitted to be sought, he has to seek it every year. Whether Ranjan's apprehension is correct?
- (iv) The tax advisor is of the view that the order of Authority for Advance Ruling (AAR) is final and is not appealable. Whether the tax advisor's view is correct?

Answer

- (i) Advance ruling under GST can be sought by a registered person or a person desirous of obtaining registration under GST law [Section 95(c) of the CGST Act, 2017]. Therefore, it is not mandatory for a person seeking advance ruling to be registered.
- (ii) Section 97(2) of the CGST Act, 2017 stipulates the questions/matters on which advance ruling can be sought. It provides that advance ruling can be sought for, *inter alia*, determining the classification of any goods or services or both. Therefore, Ranjan can seek the advance ruling for determining the classification of the goods proposed to be supplied by him.

Further, section 103 of the CGST Act provides that an advance ruling pronounced by AAR is binding only on the applicant who had sought it and on the concerned officer or the jurisdictional officer in respect of the applicant. This implies that an advance ruling is not applicable to similarly placed other taxable persons in the State. It is only limited to the person who has applied for an advance ruling.

Thus, Sambhav will not be able to apply the classification of the goods that will be decided in the advance ruling order to be obtained by Ranjan, to the goods supplied

by him in Delhi.

- (iii) Section 103(2) of the CGST Act, 2017 stipulates that the advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed. Therefore, once Ranjan has sought the advance ruling with respect to an eligible

matter/question, it will be binding till the time the law, facts and circumstances supporting the original advance ruling remain same.

- (iv) No, the tax advisor's view is not correct. As per section 100 of the CGST Act, 2017, if the applicant is aggrieved with the finding of the AAR, he can file an appeal with Appellate Authority for Advance Ruling (AAAR). Similarly, if the concerned/ jurisdictional officer of CGST/SGST does not agree with the findings of AAR, he can also file an appeal with AAAR.

Such appeal must be filed within 30 days from the receipt of the advance ruling. The Appellate Authority may allow additional 30 days for filing the appeal, if it is satisfied that there was a sufficient cause for delay in presenting the appeal.

Question: 99

(i) Super Engineering Works, a registered supplier in Haryana, is engaged in supply of taxable goods within the State. Given below are the details of the turnover and applicable GST rates of the final products manufactured by Super Engineering Works as also the input tax credit (ITC) availed on inputs used in manufacture of each of the final products and GST rates applicable on the same, during a tax period:

Products	Turnover* (Rs.)	Output GST Rates	ITC availed (Rs.)	Input GST Rates
A	500,000	5%	54,000	18%
B	350,000	5%	54,000	18%
C	100,000	18%	10,000	18%

*excluding GST

Determine the maximum amount of refund of the unutilized input tax credit that Super Engineering Works is eligible to claim under section 54(3)(ii) of the CGST Act, 2017 provided that Product B is notified as a product, in respect of which no refund of unutilised input tax credit shall be allowed under said section.

Answer:

- (i) Section 54(3)(ii) of the CGST Act, 2017 allows refund of unutilized input tax credit (ITC) at the end of any tax period to a registered person where the credit has accumulated on account of inverted duty structure i.e. rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council.

In the given case, the rates of tax on inputs used in Products A and B (18% each) are higher than rates of tax on output supplies of Products A and B (5% each). However,

Product B is notified as a product, Rule 89(5) of the CGST Rules, 2017 stipulates that in the case of refund on account of inverted duty structure, refund of ITC is granted as per the following formula -

$$\text{Maximum Refund Amount} = \frac{\text{Turnover of inverted rated supply of goods and services} \times \text{Net ITC}}{\text{Adjusted Total Turnover}} - \text{Tax payable on such inverted rated supply of goods and services}$$

where-

“Net ITC” means ITC availed on inputs during the relevant period other than the ITC availed

for which refund is claimed under sub-rules (4A) or (4B) or both.

“Adjusted total turnover” means the sum total of the value of:

- (a) the turnover in a State/ Union territory, as defined under section 2(112), excluding turnover of services; &
- (b) the turnover of zero-rated supply of services determined in terms of specified manner and non-zero-rated supply of services,

excluding:

- (i) the value of exempt supplies other than zero-rated supplies; and
- (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period.

In accordance with the aforesaid provisions, the maximum refund amount which Super Engineering Works is eligible to claim shall be computed as follows:

Tax payable on inverted rated supply of Product A = Rs. 5,00,000 × 5% = Rs. 25,000

Net ITC = Rs. 1,18,000 (Rs. 54,000 + Rs. 54,000 + Rs. 10,000) [Net ITC availed during the relevant period needs to be considered irrespective of whether the ITC pertains to inputs eligible for refund of inverted rated supply of goods or not]

Adjusted Total Turnover = Rs. 9,50,000 (Rs. 5,00,000 + Rs. 3,50,000 + Rs. 1,00,000) Turnover of inverted rated supply of Product A = Rs. 5,00,000

Maximum refund amount for Super Engineering Works is as follows:

= [(Rs. 5,00,000 × Rs. 1,18,000) / Rs. 9,50,000] - Rs. 25,000 = Rs. 37,105 (rounded off)

Question 100:

Ritesh Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

S.No	Particulars	Total contract value (inclusive of GST) (Rs.)	Payment due in October, 20XX (Rs.)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Answer :

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018 CT 13.09.2018, with effect from 01.10.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs. 2,50,000:

- (a) a department or establishment of the Central Government or State Government; or
- (b) local authority; or
- (c) Governmental agencies; or
- (d) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- (f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Since in the given case, Ritesh Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various

receivables is examined in accordance with the above-mentioned provisions as under:

S. No.	Particulars	Total contract value (Rs.)	Payment due (Rs.)	Tax to be deducted		
				CGST (Rs.)	SGST (Rs.)	IGST (Rs.)
(i)	Supply of stationery to Fisheries Department, Kolkata (Note-1)	2,60,000	15,000	--		
(ii)	Supply of car rental services to Municipal Corporation of Delhi (Note-2)	2,95,000	20,000	--		
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3)	5,90,000	25,000			500
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 (Note-4)	6,49,000	50,000	500	500	

Notes:

1. Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= \text{Rs. } 2,60,000 \times 100 / 118$$

$$= \text{Rs. } 2,20,339 \text{ (rounded off)}$$

Since the total value of supply under the contract does not exceed Rs. 2,50,000, tax is not required to be deducted.

2. Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows :

$$= \text{Rs. } 2,95,000 \times 100 / 118$$

$$= \text{Rs. } 2,50,000$$

Since the total value of supply under the contract does not exceed Rs. 2,50,000, tax is not required to be deducted.

3. Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply

[excluding IGST] under the contract is as follows:

$$= \text{Rs. } 5,90,000 \times 100 / 118$$

$$= \text{Rs. } 5,00,000$$

Since the total value of supply under the contract exceeds Rs. 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of Rs. 25,000, i.e. Rs. 500.

4. Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= \text{Rs. } 6,49,000 \times 100 / 118$$

$$= \text{Rs. } 5,50,000 \text{ (rounded off)}$$

Since the total value of supply under the contract exceeds Rs. 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of Rs. 50,000, i.e. Rs. 1,000.

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ALL THE BEST

CA VIVEK GABA